The Directors are pleased to report the annual results of the Group for the year ended 31 March 2005.

FINANCIAL REVIEW

During the year under review, the Group posted total turnover of approximately HK$101.1 million (2004: HK$92.8 million), an increase of 9% over the previous year, aided by an overall recovery in orders for liquid crystal display ("LCD") and electronic consumer products. However, a net loss of approximately HK$18.3 million (2004: HK$10.6 million) was recorded for the reporting year as a result of escalating production costs and intensifying market competition.

DIVIDEND

The Directors do not recommend payment of a dividend for the year ended 31 March 2005 (2004: Nil).

BUSINESS REVIEW AND PROSPECTS

Manufacturing Business

The LCD and electronic consumer products business reported a 9% year-on-year growth in turnover to approximately HK$101.1 million (2004: HK$92.8 million) due to a recovery in market demand and as a result of the Group's proactive business-development efforts over the past year. However, rocketing oil prices that pushed the cost of major raw materials to new heights, coupled with shortages and the unstable supply of labour and electricity in China, continued to put a tighter rein on the segments' performance. Net attributable loss therefore widened to approximately HK$18.3 million (2004: HK$10.6 million).

As keen market competition has rendered price increases quite infeasible, A-Max, along with most other manufacturers, has had to absorb the cost increases, which in turn has severely eroded business margins.

In a bid to reduce fixed manufacturing-related operating costs, the Directors are considering appropriate cost-reduction measures, including the disposal of certain factory assets and the increased engagement of outsourcing capabilities.

Entertainment Business

The Group is now a participant in the entertainment business in Macau through its interest in Greek Mythology, which saw the opening of its Greek Mythology Casino in Taipa, Macau, in December 2004. The integrated casino and entertainment project will be developed by phases. In 2004, Greek Mythology invested about MPO600 million in the 160,000-sq-ft first phase with 228 gaming tables and a range of ancillary entertainment and childcare facilities. More VIP rooms and slot machines were added to the casino in the second quarter of 2005. The casino reported a net gaming income of over MOP234 million (net of gaming taxes of about 40% and concessions paid) for the first 4 months of operation. It also saw significant increase in traffic to over 30,000 visitors daily by the end of the second quarter.

The casino's business development plan envisages the adding of floor space in the second phase, and a new hotel wing to the project in the third phase. Based on the instant success of the casino project and its excellent growth potential, an independent valuation house has valued the project at HK$10 billion.

The Directors expect the return from this investment to continue to increase significantly once operational plans for the casino are fully implemented. The continuing growth trend in the performance of Greek Mythology validates the Directors' confidence in this business segment.

The Directors hold an optimistic view of the ongoing performance of Greek Mythology and envisage dedicating increased management efforts in growing this business segment.

LIQUIDITY AND FINANCIAL RESOURCES

In the reporting year, the Group continued to maintain a stable financial position. The Group had total assets and net assets of approximately HK$1,471.2 million (2004: HK$203.0 million) and HK$1,408.5 million (2004: HK$136.6 million) respectively as at 31 March 2005. Consolidated shareholders' equity as at year end was approximately HK$1,408.5 million (2004: HK$136.6 million).

The gearing ratio as at 31 March 2005, calculated as a ratio of borrowings to shareholders' funds, improved significantly to 2% (2004: 31%).

The Directors believe that existing financial resources are sufficient to cover its existing businesses. If the Group requires additional funding to capture business opportunities that may arise in the future, the Directors are confident that the Group will be able to obtain financing on favourable terms.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2005, the Group employed a total of approximately 1,100 employees in the People's Republic of China (the "PRC") and Hong Kong. They were remunerated according to the nature of job and market condition. Other employee benefits available for eligible employees included period-end payment, staff canteen, retirement schemes, share option and medical insurance scheme.

FOREIGN EXCHANGE AND CURRENCY RISKS

Since most of the revenue generated from the sale of products and the payment for purchases of materials, components, equipment and salaries are either made in Hong Kong dollars, Renminbi, or Hong Kong dollars pegged currencies, no use of financial instruments for hedging purposes is considered necessary and the exposure to exchange rate fluctuations is minimal.

CONTINGENT LIABILITIES

As at 31 March 2005, the Group had no significant contingent liabilities.